



General Assembly

## ***Amendment***

***February Session, 2016***

**LCO No. 5900**



Offered by:  
SEN. FONFARA, 1<sup>st</sup> Dist.

To: Subst. Senate Bill No. **461**

File No. 716

Cal. No. 508

### ***"AN ACT CONCERNING A SMALL MINORITY BUSINESS REVOLVING LOAN FUND."***

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Section 32-7g of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective from passage*):

5 (a) There is established within the Department of Economic and  
6 Community Development the Small Business Express program. Said  
7 program shall provide small businesses with various forms of financial  
8 assistance, using a streamlined application process to expedite the  
9 delivery of such assistance. The Commissioner of Economic and  
10 Community Development, at his or her discretion, may partner with  
11 the lenders in the Connecticut Credit Consortium, established  
12 pursuant to section 32-9yy, in order to fulfill the requirements of this  
13 section. A small business eligible for assistance through said program  
14 shall [, as of June 15, 2012,] (1) employ, on at least fifty per cent of its  
15 working days during the preceding twelve months, not more than one

16 hundred employees, (2) have operations in Connecticut, (3) have been  
17 registered to conduct business for not less than twelve months, and (4)  
18 be in good standing with the payment of all state and local taxes and  
19 with all state agencies.

20 (b) The Small Business Express program shall consist of various  
21 components, including (1) a revolving loan fund, as described in  
22 subsection (d) of this section, to support small business growth, (2) a  
23 job creation incentive component, as described in subsection (e) of this  
24 section, to support hiring, [and] (3) a matching grant component, as  
25 described in subsection (f) of this section, to provide capital to small  
26 businesses that can match the state grant amount, and (4) not more  
27 than two minority business revolving loan funds, as described in  
28 subsection (g) of this section, to support the growth of minority-owned  
29 businesses. The Commissioner of Economic and Community  
30 Development shall work with eligible small business applicants to  
31 provide a package of assistance using the financial assistance provided  
32 by the Small Business Express program and may refer small business  
33 applicants to the Subsidized Training and Employment program  
34 established pursuant to section 31-3pp and any other appropriate state  
35 program. Notwithstanding the provisions of section 32-5a regarding  
36 relocation limits, the department may require, as a condition of  
37 receiving financial assistance pursuant to this section, that a small  
38 business receiving such assistance shall not relocate, as defined in  
39 [said] section 32-5a, for five years after receiving such assistance or  
40 during the term of the loan, whichever is longer. All other conditions  
41 and penalties imposed pursuant to [said] section 32-5a shall continue  
42 to apply to such small business.

43 (c) The commissioner shall establish a streamlined application  
44 process for the Small Business Express program. The small business  
45 applicant may receive assistance pursuant to said program not later  
46 than thirty days after submitting a completed application to the  
47 department. Any small business meeting the eligibility criteria in  
48 subsection (a) of this section may apply to said program. The  
49 commissioner shall give priority for available funding to small

50 businesses creating jobs and may give priority for available funding to  
51 (1) economic base industries, as defined in subsection (d) of section 32-  
52 222, including, but not limited to, those in the fields of precision  
53 manufacturing, business services, green and sustainable technology,  
54 bioscience and information technology, and (2) businesses attempting  
55 to export their products or services to foreign markets.

56 (d) (1) There is established as part of the Small Business Express  
57 program a revolving loan fund to provide loans to eligible small  
58 businesses. Such loans shall be used for acquisition or purchase of  
59 machinery and equipment, construction or leasehold improvements,  
60 relocation expenses, working capital or other business-related  
61 expenses, as authorized by the commissioner.

62 (2) Loans from the revolving loan fund may be in amounts from ten  
63 thousand dollars to a maximum of one hundred thousand dollars,  
64 shall carry a maximum repayment rate of four per cent and shall be for  
65 a term of not more than ten years. The department shall review and  
66 approve loan terms, conditions and collateral requirements in a  
67 manner that prioritizes job growth and retention.

68 (3) Any eligible small business meeting the eligibility criteria in  
69 subsection (a) of this section may apply for assistance from the  
70 revolving loan fund, but the commissioner shall give priority to  
71 applicants that, as part of their business plan, are creating new jobs  
72 that will be maintained for not less than twelve consecutive months.

73 (e) (1) There is established as part of the Small Business Express  
74 program a job creation incentive component to provide loans for job  
75 creation to small businesses meeting the eligibility criteria in  
76 subsection (a) of this section, with the option of loan forgiveness based  
77 on the maintenance of an increased number of jobs for not less than  
78 twelve consecutive months. Such loans may be used for training,  
79 marketing, working capital or other expenses, as approved by the  
80 commissioner, that support job creation.

81 (2) Loans under the job creation incentive component may be in

82 amounts from ten thousand dollars to a maximum of three hundred  
83 thousand dollars, shall carry a maximum repayment rate of four per  
84 cent and shall be for a term of not more than ten years. Payments on  
85 such loans may be deferred, and all or part of such loan may be  
86 forgiven, based upon the commissioner's assessment of the small  
87 business's attainment of job creation goals. The department shall  
88 review and approve loan terms, conditions and collateral requirements  
89 in a manner that prioritizes job creation.

90 (f) (1) There is established as part of the Small Business Express  
91 program a matching grant component to provide grants for capital to  
92 small businesses meeting the eligibility criteria in subsection (a) of this  
93 section. Such small businesses shall match any state funds awarded  
94 under this program. Grant funds may be used for ongoing or new  
95 training, working capital, acquisition or purchase of machinery and  
96 equipment, construction or leasehold improvements, relocation within  
97 the state or other business-related expenses authorized by the  
98 commissioner.

99 (2) Matching grants provided under the matching grant component  
100 may be in amounts from ten thousand dollars to a maximum of one  
101 hundred thousand dollars. The commissioner shall prioritize  
102 applicants for matching grants based upon the likelihood that such  
103 grants will assist applicants in maintaining job growth.

104 (3) The commissioner may waive the matching requirement for  
105 grants under this subsection for working capital to small businesses  
106 located within distressed municipalities, as defined in section 32-9p.

107 (g) (1) There are established as part of the Small Business Express  
108 program not more than two revolving loan funds to provide loans to  
109 eligible small businesses that are owned by one or more members of a  
110 minority. As used in this subsection, (A) "minority business  
111 development entity" means a nonprofit organization (i) having a  
112 lending portfolio on or before the effective date of this act from which  
113 at least seventy-five per cent of lending is provided to minority-owned

114 businesses state-wide; and (ii) that provided technical assistance on or  
115 before the effective date of this act, provided at least seventy-five per  
116 cent of such assistance was provided to minority-owned businesses  
117 state-wide; and (B) "minority" means (i) Black Americans, including all  
118 persons having origins in any of the Black African racial groups not of  
119 Hispanic origin; (ii) Hispanic Americans, including all persons of  
120 Mexican, Puerto Rican, Cuban, Central or South American, or other  
121 Spanish culture or origin, regardless of race; (iii) all persons having  
122 origins in the Iberian Peninsula, including Portugal, regardless of race;  
123 (iv) women; (v) Asian Pacific Americans and Pacific islanders; or (vi)  
124 American Indians and persons having origins in any of the original  
125 peoples of North America and maintaining identifiable tribal  
126 affiliations through membership and participation or community  
127 identification.

128 (2) Notwithstanding the provisions of section 32-7h, as amended by  
129 this act, the commissioner shall allocate from the available funding  
130 under the Small Business Express program a total of five million  
131 dollars for grants-in-aid to not more than two minority business  
132 development entities in each of the fiscal years ending June 30, 2016, to  
133 June 30, 2020, inclusive, for the purpose of establishing and  
134 administering minority business revolving loan funds. Moneys from  
135 such funds shall be used to (A) provide loans to eligible small  
136 businesses, and (B) fund the administrative costs associated with the  
137 provision of such loans by a minority business development entity,  
138 provided a minority business development entity may not use more  
139 than ten per cent of the amount received as a grant under this section  
140 to fund such costs. Such loans shall be used for acquisition or purchase  
141 of machinery and equipment, construction or leasehold improvements,  
142 relocation expenses, working capital or other business-related  
143 expenses, as authorized by the minority business development entity.

144 (3) Loans from a minority business revolving loan fund may be in  
145 amounts from ten thousand dollars to a maximum of one hundred  
146 thousand dollars, shall carry a maximum repayment rate of four per  
147 cent and shall be for a term of not more than ten years. The minority

148 business development entity shall review and approve loan terms,  
149 conditions and collateral requirements in a manner that prioritizes job  
150 growth and retention.

151 (4) Any eligible small business owned by one or more members of a  
152 minority may apply for assistance from a minority business revolving  
153 loan fund, provided the minority business development entity shall  
154 give priority to applicants that, as part of their business plan, are  
155 creating new jobs that will be maintained for not less than twelve  
156 consecutive months.

157 (5) Loans from a minority business revolving fund shall be provided  
158 in such a manner that, on or before five years after the date such loan  
159 fund is established, the annual funds or revenues derived from  
160 investment income, loan repayments or any other sources received by  
161 the minority business development entity in connection with such loan  
162 fund is sufficient to fund the administrative costs associated with such  
163 loan fund.

164 (6) A minority business development entity receiving a grant  
165 pursuant to this subsection shall annually submit to the commissioner  
166 a financial audit of grant expenditures until all grant moneys have  
167 been expended by such entity. Any such audit shall be prepared by an  
168 independent auditor and if the commissioner finds that any such grant  
169 is used for purposes that are not in conformity with uses set forth in  
170 subdivisions (2) and (3) of this subsection, the commissioner may  
171 require repayment of such grant.

172 ~~[(g)]~~ (h) Not later than June 30, 2012, and every six months  
173 thereafter, the commissioner shall provide a report, in accordance with  
174 the provisions of section 11-4a, to the joint standing committees of the  
175 General Assembly having cognizance of matters relating to finance,  
176 revenue and bonding, appropriations, commerce and labor. Such  
177 report shall include available data on (1) the number of small  
178 businesses that applied to the Small Business Express program, (2) the  
179 number of small businesses that received assistance under said

180 program and the general categories of such businesses, (3) the amounts  
181 and types of assistance provided, (4) the total number of jobs on the  
182 date of application and the number proposed to be created or retained,  
183 and (5) the most recent employment figures of the small businesses  
184 receiving assistance. The contents of such report shall also be included  
185 in the department's annual report.

186 Sec. 2. Section 32-7h of the 2016 supplement to the general statutes is  
187 repealed and the following is substituted in lieu thereof (*Effective from*  
188 *passage*):

189 (a) There is established an account to be known as the "small  
190 business express assistance account" which will be a separate,  
191 nonlapsing account within the General Fund. The account shall  
192 contain any moneys required by law to be deposited in the account.  
193 Repayment of principal and interest on loans shall be credited to such  
194 fund and shall become part of the assets of the fund. Moneys in the  
195 account shall be expended by the Department of Economic and  
196 Community Development for the purposes of the Small Business  
197 Express program established pursuant to section 32-7g, [.] All] as  
198 amended by this act. Except as provided in subsection (g) of section 32-  
199 7g, as amended by this act, all moneys received for the purposes of the  
200 Small Business Express program and payments of principal and  
201 interest on any loans given under said program shall be credited to the  
202 account.

203 (b) [The] Except as provided in subsection (g) of section 32-7g, as  
204 amended by this act, the Commissioner of Economic and Community  
205 Development may provide for the payment of any administrative  
206 expenses or other costs incurred by the department or its lender  
207 partners in carrying out the purposes of the Small Business Express  
208 program not to exceed five per cent of funding from this program from  
209 the account established pursuant to subsection (a) of this section,  
210 provided one per cent shall be dedicated to develop capacity for  
211 capital construction projects for minority business enterprises."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-7g
Sec. 2	<i>from passage</i>	32-7h